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Note by the Secretary-General

Addendum

Dialogue paper by business and industry*

Summary

The material presented in this discussion paper draws from a diverse range of views, positions and ideas contributed by the global business community. It provides a broad perspective addressing policy and resource challenges throughout the world, and demonstrates the commitment of the business and industry sector to identifying and implementing solutions for a sustainable future.

This paper is intended to contribute to a constructive dialogue and does not necessarily represent all the views of every partner organization and/or their constituents. The International Chamber of Commerce (http://www.iccwbo.org) and the World Business Council for Sustainable Development (http://www.wbscd.org) acknowledge the input and assistance provided by their members and other cooperating institutes and associations.

* Prepared by the International Chamber of Commerce and the World Business Council for Sustainable Development, invited by the secretariat of the World Summit on Sustainable Development as the organizing partners of the dialogue segment for business and industry. The paper has been prepared in consultation with business and their organizations, facilitated by the International Chamber of Commerce and the World Business Council for Sustainable Development. The views and opinions expressed do not necessarily represent those of the United Nations.

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I. Introduction

1. The International Chamber of Commerce and the World Business Council for Sustainable Development took lead roles in conveying the views of the global business community to the 1992 United Nations Conference on Environment and Development. During the intervening years since the Conference was held in Rio de Janeiro, the International Chamber of Commerce, the World Business Council for Sustainable Development and associated business and sector organizations have closely collaborated with the Commission on Sustainable Development, communicating business and industry views, promoting industry partnerships and codes and standards in pursuit of Agenda 21 objectives, advancing voluntary initiatives in pursuit of sustainable business practices and participating in United Nations-led multi-stakeholder dialogue sessions.

2. Starting with the sixth session of the Commission on Sustainable Development in 1998, the global business community has provided guidance to Governments on sustainable development practices in water, travel and tourism, agriculture and the energy and transportation sectors. Business has made enormous contributions to resolving environmental problems since 1992 and has proved itself to be the most efficient delivery vehicle of innovative and flexible methods of tackling environmental problems. Ten years on, it is wholly appropriate for Governments to meet again during the World Summit on Sustainable Development to evaluate progress on sustainable development and identify new imperatives to be addressed. Business is now very much part of the solution and will take a positive and proactive message to Johannesburg.

3. To ensure a structured and productive participation in the 2002 World Summit on Sustainable Development, the International Chamber of Commerce and the World Business Council for Sustainable Development are helping business organizations across the world to come together under the common theme of "Business Action for Sustainable Development" (http://www.basd-action.net). The goal of business is to fully participate in the dialogue with Governments and other stakeholders. Since business and industry are the economic engines of the countries participating in the World Summit on Sustainable Development, an important element of the discussions will be the global business community's achievements to date and its continuing role.

4. Business and industry will highlight their achievements, progress in establishing partnerships, promoting industry codes and standards and successes achieved through voluntary initiatives, particularly since 1992. Conscious of its key role and the requirement for stakeholder partnerships to tackle complex problems effectively, the global business community seeks to offer constructive, flexible and cooperative input to the preparatory process for the World Summit on Sustainable Development.

II. Objectives for the World Summit on Sustainable Development

5. The world business community sees a great number of future challenges and priorities for a sustainable development agenda. For example, how should Governments and society as a whole deploy their resources for maximum benefit? What is the role of business in addressing those challenges and priorities? It will be necessary for

participants to the World Summit on Sustainable Development to undertake action pursuant to the following key themes:

(a) Promote progress and prosperity in developing countries and enable those countries to participate and benefit from economic and information markets;

(b) Promote a better understanding of the interdependent relationship between globalization and environmental development. Globalization is an enabling framework for sustainable development;

(c) Understand and reinforce new rules of engagement among global stakeholders, including the private sector and civil society, and the measures of success needed to drive global sustainable development policy. Multilateral cooperation and market- and science-based approaches that are not trade restrictive will facilitate progress towards sustainable development;

(d) Emphasize the importance of national implementation and international cooperation. Good governance, national implementation and international cooperation are requisites for sustainable development;

(e) Raise awareness and encourage participation by the private sector in shaping environmental policy within a framework of globalization, and through partnership within the United Nations system and with other non-governmental entities. The private sector plays a crucial role in enhancing quality of life and must rise to new challenges in the pursuit of sustainable development.

6. To work towards progress and prosperity, the World Summit on Sustainable Development should address four key areas (which should be seen as interrelated):

(a) *Attacking poverty*: To approach poverty reduction and sustainable development as linked ventures, requiring a complex policy mix, which will include increased foreign direct investment, improved market access, international environmental cooperation, multilateral technical and financial assistance from global institutions, meaningful debt reduction, improved governance, institution and capacity-building and targeted bilateral aid;

(b) *Exploiting the synergy of sustainable development and globalization*: To realize and share economic, social and environmental benefits that globalizing trends offer, promoting policies to stimulate economic growth, take advantage of more open trade and investment, promote international environmental cooperation and rely on scientific and risk-based approaches that are consonant with trade rules;

(c) *Fostering technological innovation and information access and stewardship*: To enhance information access and stewardship, scientific innovation and technological development to contribute to improved quality of life, better environmental management, increased consumer choice and greater social benefits;

(d) *Encouraging international cooperation and national implementation*: To encourage interactions between economic, environmental and social institutions and policies for improved implementation and to establish enabling conditions for sustainable development.

III. Strengthening the transition towards voluntary action

7. History has shown that improvements in human rights and in labour and environmental standards are more readily attainable in conditions of rising prosperity, produced by the interaction of the market economy and good governance. Good corporate practice is spread more effectively by example, persuasion and peer pressure rather than by prescriptive government codes and regulations. Leadership, innovation, competition and transparency are key success factors in this phase.

8. Complex sustainability issues are best tackled through voluntary initiatives that pursue clear targets and report on progress. Voluntary business principles also have the invaluable advantage of bridging cultural diversities within multinational enterprises and offering the flexibility to tailor solutions to particular conditions. In order for society to fully benefit from voluntary practices and initiatives, stronger, clearer market signals will be needed to tilt the majority of businesses and consumers towards sustainable practices. A forward-looking mix of characteristics that provide market confidence in and encourage the use of voluntary agreements, initiatives and public-private sector partnerships could include:

(a) Improving markets so that they can advance sustainable development through appropriate consumer education, freedom of choice, competition and innovation;

(b) Developing and implementing national environmental rules based on sound science and an understanding of risk assessment and economic impacts;

(c) Setting realistic environmental health and safety improvement goals, managing environmental impacts and protecting the public's health through policies and measures based on well-defined, scientifically-based risk assessment principles;

(d) Utilizing a free market framework employing market-based approaches and dismantling flawed subsidies;

(e) Encouraging technological cooperation among private companies in production, research and development and marketing of technologies and products with reduced environmental impact;

(f) Continuing positive trends to liberalize international trade and investment without environmental or social conditionality;

(g) Promoting compliance with and enforcing environmental rules in a non-discriminatory fashion, without erecting obstacles to trade and market access.

9. The International Chamber of Commerce and the World Business Council for Sustainable Development and their member companies are already demonstrating their determination to encourage good corporate practice and responsible business conduct through principles developed by individual companies as well as through their participation in the Global Compact (http://www.globalcompact.org), their constructive contribution to the revision of the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises and various other initiatives such as the Global Sullivan Principles (http://www.globalsullivanprinciples.org).

A. Business' case for sustainable development

10. The World Business Council for Sustainable Development and the International Chamber of Commerce comprise thousands of companies around the globe, whose leaders believe that the pursuit of sustainable development is good for enterprise, the planet and its people. There are many cases that can be made for sustainable development: moral, ethical, religious and environmental. Representatives of global business and industry also emphasize business' case (http://www.wbcsd.org/projects/wssd/business-case) and that its case has a financial bottom line. In fact, business' case has a "triple bottom line" based on financial, social and environmental performance. The paradigm is not "either or" but rather "and also".

11. A sustainable business excels on the traditional scorecard of return on financial assets and shareholder and customer value creation. It also embraces community and stakeholder success. It holds its natural and cultural environments to be as important as its technology portfolio and its employees' skills. The rationale is not based solely on short-term, financial returns, because companies comprise, are led by and serve people with vision and values. Companies that do not reflect their best vision and values in their actions will not survive in the marketplace over the long term. Business' case is also an entrepreneurial position: it looks to the next point on the business curve — the point at which business can be more competitive by being more sustainability driven.

B. The market

12. Sustainable development is best achieved through open, competitive, rightly framed international markets that honour legitimate comparative advantages. Such markets encourage efficiency and innovation — both necessities for sustainable human progress. Business remains the most potent force for wealth creation and the extent to which that wealth contributes to poverty alleviation depends largely on societal choices. Countries do not have low incidences of poverty because of their welfare programmes, but largely because they have created frameworks that encourage business enterprise. These enterprises offer people tools — business opportunities, jobs, wages, investment possibilities, training, and pensions — with which to build secure lives. Governments that make it hard for business to do business and that try to take the place of business in meeting people's needs stand in the way of prosperity.

13. Markets are human constructs based on human values, laws and norms. They must be built and they can always be improved. Today we witness a virulent debate between those opposed to the so-called global market and those in favour. Yet there is no true global market, only the flawed, shaky beginnings of one. Business should contribute and play a role in building a free and equitable international market — a market in which trade is not distorted by subsidies, tariffs and non-tariff barriers.

C. The right frame

14. Badly framed markets cannot encourage sustainable progress. In its 1992 report to the Earth Summit, the world's business community called for a steady, predictable, negotiated move towards full-cost pricing of goods and services; the

dismantling of flawed subsidies; greater use of market instruments and less of command-and-control regulations; more tax on social bads, such as waste and pollution, and less tax on social goods, such as jobs (in a fiscally neutral setting); and more reflection of environmental resource use in Standard National Accounts. Yet there has been very little political support for such moves from Governments, civil society organizations, or frankly, most of business. If basic framework conditions push us all in the wrong directions, then that is the way society will go — until vociferous forces compel a change.

15. Other conditions for sustainable development include: democracy and the accepted rule of law; effective intellectual and physical property rights; reliability of contracts; lack of corruption; equitable trade terms and respect for comparative advantage; ordered competition among businesses; fair and transparent accounting standards; accountability and predictability of government interventions; investment in education and enabling technologies; and reform of taxation so that it funds collective investments rather than penalizes income. There has been progress in many countries in some of these areas.

D. Informing and providing consumer choice

16. If business believes in a free market where people have choices, business should accept responsibility for informing consumers about the social and environmental effects of those choices. Since consumers want that information, providing it can build market share and customer loyalty and it can build brands. It benefits the consumer, who is able to shop around and compare products. And it benefits the producers who have the best products and practices. Sustainable development is about ensuring a better quality of life for everyone, now and for generations to come. For freedom of choice effectively to enhance quality of life while protecting the environment and promoting social equity, consumers need information and price signals to make intelligent decisions. Experience shows that consumers may not necessarily choose the "greenest" or most socially beneficial option — despite what they indicate on surveys. Consumers want performance, value, safety and reliability, ahead of environmental, social and aesthetic concerns. The solution is to create the right value/cost ratio, including all the information consumers consider relevant to their purchases. Providing all of this information — at the right level of detail — is our challenge.

E. Eco-efficiency

17. A basic business contribution to sustainable development is "eco-efficiency". The business community defines eco-efficiency as achieving the delivery of competitively priced goods and services that satisfy human needs and bring quality of life, while progressively reducing ecological impacts and resource intensity throughout the life cycle, to a level at least in line with the Earth's estimated carrying capacity. This is a management strategy that combines environmental and economic performance. It enables more efficient production processes and the creation of better products and services while reducing resource use, waste and pollution along the entire value chain. It can open up significant business opportunities. As an energy conservation tool, it can be helpful in limiting climate change. Eco-efficiency helps wealthier countries to grow qualitatively rather than quantitatively — providing more service, functions, and value, not transforming

more materials into energy and waste. Eco-efficiency also helps developing countries to continue to grow quantitatively while saving resources.

18. Four aspects of eco-efficiency have been identified that make it an indispensable strategic element in today's knowledge-based economy:

(a) *Dematerialization*: Companies are developing ways of substituting knowledge flows for material flows. Another route to dematerialization is product customization: less waste is created when resources a consumer does not want are not produced;

(b) *Closing production loops*: The biological designs of nature provide a role model for sustainability. The goal is to work continuously towards closed-loop production systems and zero-waste factories, wherein every output is returned to natural systems as a nutrient or becomes an input for manufacturing another product;

(c) *Service extension*: We are moving from a supply-driven economy to a demand-driven economy. Companies are rethinking how they can satisfy demand and are developing customized responses to client needs. Consumers are increasingly gaining access to product services by leasing goods, particularly durable goods, rather than buying them outright;

(d) *Functional extension*: Companies are manufacturing "smarter" products with new and enhanced functionality and selling services to enhance the products' functional value. The World Business Council for Sustainable Development has developed a framework that can be used to measure and report progress towards eco-efficiency in a consistent manner. Although the framework provides a common set of definitions, principles, and indicators, it is flexible enough to be widely used and interpreted to fit individual needs of companies across the business spectrum.

IV. Conclusion

19. Governments throughout the world have made clear the need to follow a sustainable growth path. The business and industry sector, as a part of society as a whole, plays a leading role in meeting this goal. Over the next century, business and industry will be the source of innovation, commercialization and global distribution of new technologies that will enable society to aim for the target of sustainable growth while continuing to satisfy people's hopes and aspirations for a more prosperous future. Together business and industry, with their managerial, financial and technical expertise and Governments, which must create stable and predictable investment conditions, can stimulate investment programmes that will achieve the common goal of sustainable development.

20. For business, this approach is neither new nor business as usual. More than any other group, business has acted to bring sustainable development into its thinking, operations, markets and stakeholders. It is ready to keep moving ahead. But it cannot do so alone. A concerted effort by Governments and all sectors of society is required. If we can move forward from Johannesburg to embrace multilateral cooperation, national action, democratic governance and open markets, we will be on the right track for economic development, societal improvement, environmental stewardship and security. Business is working to enact this vision, and invites others to join this urgent collaborative effort.

V. Sustainable development in various economic sectors

Summary

This section comprises a consolidated summary of business perspectives previously submitted to the Commission on Sustainable Development during its multi-stakeholder dialogue sessions from its sixth session in 1998 to its ninth session in 2001. Copies of the official documents for each session are available via various web links:

Sixth session of the Commission on Sustainable Development (Water) http://www.un.org/documents/ecosoc/cn17/1998/background/ecn171998-bp13.htm

Seventh session of the Commission (Travel and tourism) http://www.un.org/esa/sustdev/wttc.pdf

Eighth session of the Commission (Agriculture) http://www.un.org/documents/ecosoc/cn17/2000/ecn172000-3add1.pdf

Ninth session of the Commission (Energy and transport) http://www.un.org/esa/sustdev/csd9/ecn17_2001_6a1.pdf

A. Freshwater resources

21. The twenty-first century will witness increasing competition for finite freshwater resources. Pursuing business as usual will not meet the needs of those currently unserved, let alone the as many as 2 billion new individuals expected to be born within the next 25 years. Achieving water security will be difficult unless the commitment is made and the resources provided. All stakeholders, including those who are currently powerless, must be involved in decision-making over allocation, use and benefits. The water challenge calls for collaboration across all sectors of national economies as well as across political boundaries. National water action agendas need to be drawn up through active stakeholder participation. In many countries, the challenge is so enormous that Governments cannot, and should not, face it alone but rather work in partnership with local communities, the private sector, non-governmental organizations and other stakeholders.

22. Collectively, industry has technology and management skills that can potentially make a major contribution towards the sustainable management of the world's freshwater resources. In partnership with Governments, farmers and civil society, industry can make major contributions to addressing and solving water problems in the new century. All sectors will need to cooperate if society is to avert or minimize adverse effects associated with emerging freshwater shortages.

23. The following elements of a comprehensive water strategy are straightforward and apply to all parties:

(a) Conservation and wise use of the resource base;

(b) Recycling and reuse whenever feasible and economic;

(c) Waste treatment to facilitate recycle and reuse options;

(d) Water basin and water catchments management to allocate scarce resources most effectively;

(e) Management of underground water and aquifer systems;

(f) Phasing out of inappropriate subsidies which encourage unwise use of scarce water resources;

(g) Looking at the interactions between activities that affect water resources both directly and indirectly to find the most innovative solutions.

24. Industry has already begun to manage industrial water use more effectively. Many creative and innovative companies have already taken steps to reduce water use, to use it more efficiently, and to improve the quality of water discharged by industry. A variety of supporting case studies can be found in a report on industry, freshwater and sustainable development jointly prepared by the United Nations Environment Programme (UNEP) and the World Business Council for Sustainable Development (http://www.wbcsd.ch/newscenter/reports/1998/freshwater.pdf). One future task is to continue raising awareness within the business community and encourage others to take action now. A second task, one shared by industry and UNEP, is disseminating more information about eco-efficiency and cleaner production in general, and about freshwater use in particular, which implies doing more with less and finding "win-win" situations that are good for both profits and the environment.

B. Water recommendations

25. During the December 2001 International Conference on Freshwater, business encouraged Ministers to open up the water sector, think "outside the box" and find totally new approaches to water services. The world's business, industry and water services communities encourage policy makers to:

(a) *Create an enabling environment*, which features a national water policy; a basic water law; adequate commercial legal systems; and a regulatory framework that is flexible and encourages devolution to the lowest levels of government possible. This will require capacity-building so that government regulators have the competence to negotiate contracts and establish appropriate guidelines from a position of equality with entrepreneurs of all types;

(b) *Remove barriers* that inhibit delivery of water services to the poor. This includes inadequate land tenure for many of the urban poor; political interference by placing incompetent individuals in water delivery organizations; poorly managed, poorly trained and poorly paid employees. Business supports employee education and training to improve productivity. Business and industry can help provide the management skills people need to do their jobs well and put in place systems that retain competent employees and reward excellence in water professionals at all levels. High-risk financial environments with uncertain legal systems make private sector investment unlikely;

(c) *Build partnerships*: Public versus private is not the issue. The challenge is to maximize efficiency, whatever structure is chosen. New innovative partnerships could include: large multinational corporations and/or large public sector water

operators working with smaller local partners; partnerships with local water sellers; fountain or well operators; and vendors of all sorts;

(d) *Recognize that water has immense value for everyone*: The 1992 Dublin Principle was clear and correct: "Water has an economic value in all its competing uses and should be recognized as an economic good". Costs, both capital and the operation and maintenance, must be covered by any sustainable water service delivery mechanism. Most of the public, including the poor have demonstrated a "willingness to pay" for fresh drinking water. Valuation and pricing should be negotiable between providers and users of water. Individuals must be convinced that the prices they are paying are reasonable and affordable. In this regard, government regulators must have the capacity and ability to protect the public interest as well as to ensure that investors and service providers are fairly compensated for the services they provide. The process by which prices are set must be open and transparent. Water valuation is also a mechanism for encouraging conservation and curtailing wasteful use of this precious resource. Finally there is the issue of subsidy for those least able to pay. These costs can be covered either by direct subsidies from Governments or by rising block tariffs that require the more affluent to pay higher fees thereby providing below cost service to the poor.

C. Travel and tourism

26. Travel and tourism is the world's largest industry and creator of jobs across national and regional economies, accounting for as much as 12 per cent of GDP and nearly 200 million jobs in the worldwide economy. These jobs employ a large proportion of women, minorities and young people in predominantly small- and medium-sized companies and offer good training and transferability.

27. Travel and tourism has a comparative advantage in that its start up and running costs can be low compared to many other forms of industry development. It is also often one of the few realistic options for development in many areas. Therefore, there is a strong likelihood that the travel and tourism industry will continue to grow globally over the short to medium term. Of course, if travel and tourism is managed badly, it can have a detrimental effect — it can damage fragile environments and destroy local cultures. The challenge is to manage the future growth of the industry so as to minimize its negative impacts on the environment and host communities while maximizing the benefits it brings in terms of jobs, wealth and support for local culture and industry and protection of the built and natural environment.

28. Whether tourism is domestic or international, it involves tourists' requirements for travel services to reach their destinations and, once there, for services such as shelter, water, food, sanitation and entertainment. A unique characteristic of this industry is that many of these different products and services are often supplied by different operators, usually small- or medium-sized businesses with local ownership. This makes tourism a highly fragmented and diverse industry and for that reason coordinated, industry-wide action is difficult to achieve. The influence of travel and tourism's demand also extends far beyond traditional tourism companies, into upstream suppliers, including aircraft manufacturers or food producers and into the downstream service providers for travellers, such as retail shops.

29. Despite the difficulties caused by fragmentation and lengthy supply chains, there has been a steady growth in environmental good practice across the industry in

recent years. There are examples of airlines and airports reducing pollution and noise impacts; cruise liners practising marine conservation; hotels implementing energy consumption and waste disposal programmes; car rental companies investing in increasingly fuel efficient fleets and railways soundproofing to dampen noise. The result is that there are a number of excellent initiatives in place designed to improve the environmental management of travel and tourism businesses, including:

(a) In 1994, the World Trade and Tourism Council introduced the "Green Globe" initiative (http://www.greenglobe.org), an Agenda 21-based industry improvement programme, which provides guidance material and a certification process linked to both International Standardization Organization (ISO) standards and Agenda 21 principles. There are now 500 "Green Globe" members in 100 countries dedicated to improving environmental practice. The ultimate aim is that "Green Globe" will become the primary global standard of environmental commitment by the global travel and tourism industry and will be recognized by the public as such. Currently, "Green Globe" has the support of over 20 international industry organizations, representing thousands of businesses worldwide, as well as the support of the World Tourism Organization (WTO), UNEP and the Earth Council;

(b) In 1996 the World Travel and Tourism Council, WTO and the Earth Council, joined together to launch an action plan entitled "Agenda 21 for the travel and tourism industry: towards environmentally sustainable development" (http://www.wttc.org/stratdev/agenda21) — a sectional sustainable development programme based on the results of the Rio Earth Summit in 1992.

D. Sustainable agriculture

30. Sustainable development cannot occur worldwide without agricultural development, especially in developing countries where agriculture is essential to overall economic development and where it too often provides scarce food supplies.

31. As the global population surges, experts agree that food needs in developing countries will almost double, with most of the growth occurring among urban populations. Most new lands brought under cultivation are marginal and ecologically fragile and cannot substitute for the land removed by urbanization and land degradation. Agriculture, which currently provides almost half of the world's food from irrigated land and accounts for 70 per cent of all water use, will increasingly be challenged by the reallocation of water for municipal and industrial use. "More food from existing land" is the challenge, making agricultural intensification a critical imperative. However, increasing population puts greater pressure on land use and the amount of arable land per person is shrinking. In addition, rural depopulation leaves fewer farmers to meet the growing urban food demand.

32. The agriculture and food business sectors cooperate with farmers and other stakeholders, including Governments and non-governmental organizations, to develop appropriate technologies that are needed to feed the growing world population. They also provide the support required to put the technology in place throughout the food chain and to ensure that the consumer is offered healthy foodstuffs. Business and industry also take on a considerable amount of responsibility for ensuring that farmers get the information they require to optimize the yield potential of their crops and livestock and to protect them from pests and diseases in the most environmentally and socially acceptable manner. The challenge

lies in using all the knowledge, experience and technologies available to achieve the most sustainable methods of production.

33. Sustainable agricultural intensification is a global technological and political challenge, requiring both innovative solutions and improved management techniques. The following are some examples of the contributions led by the farm support industries:

(a) New drought-resistant crop varieties that will contribute to water conservation;

(b) New crop varieties that can be grown out of season or on previously unproductive land, thus contributing to soil conservation. Some crops can be used to provide an additional source of food and income and stabilize the land or act as a green manure that improves the fertility and structure of the soil;

(c) Soil erosion by wind and water can be minimized through conservation or minimum tillage systems, a technique that stabilizes topsoil, reduces energy consumption and enhances yield. In most cases herbicides are an important tool to implement this soil management approach;

(d) Fertigation allows for a more efficient uptake of plant nutrients which, in turn, helps crops absorb precious water optimally.

E. Best practices in land resources management to achieve sustainable food cycles

34. Land resources management for food production is, by definition, performed locally by farmers. Agri-food businesses, upstream and downstream of the farmer in the food chain, provide support through innovation, research, investment, information, education and extension. National government policies and guidelines encourage sustainable practices, for example, to properly regulate agricultural inputs and food safety standards, often in partnership with the private sector.

35. In addition, there are many other stakeholders, including local communities, who implement best management practices suitable for local conditions. The agri-food business sector, represented by the associations and federations in the International Agri-Food Network (http://www.agrifood.net) helps farmers to adopt sustainable land management practices in several ways:

(a) Promoting integrated farming systems such as the Integrated Pest and Plant Nutrition Management;

(b) Assisting in technology cooperation, especially through capacity-building in developing countries;

(c) Investing in research and development in order to find new technologies and to improve products and practices;

(d) Supporting the practical application of innovative solutions by disseminating the results of research through education, extension and training schemes;

(e) Implementing voluntary initiatives and supporting community-based management programmes;

(f) Encouraging interdisciplinary and multi-stakeholder dialogue;

(g) Seeking public-private partnerships with relevant international agencies, Governments, non-governmental organizations and other stakeholders worldwide;

(h) Investing to improve plant varieties and seeds, stimulate biotechnology, maintain plant nutrition, crop protection and animal health in an integrated approach to farm management;

(i) Improving the quality and variety of food and agricultural products.

F. Proposed agriculture policies

36. In many countries, the first priority for the farm sector is to become economically sustainable. Economic viability is usually derived from some degree of trade in agricultural products, at local, regional, national and/or international levels. Such trade can help achieve the goals of sustainable agriculture: improving living conditions in rural areas, particularly in developing countries; ensuring increased food quality and quantity; providing employment opportunities; and contributing to the protection of natural resources and the environment and maintaining rural communities, which might otherwise be eroded by economic migration to the city. Economic policies that promote open and fair trade of agriculture products, and are therefore in the interests of all stakeholders, include:

(a) Allow the alignment of food prices at world market levels;

(b) Avoid unnecessary bureaucratic differentiation of food regulations, customs, safety and other control systems;

(c) Progressively dismantle price distortions;

(d) Promote initiatives to help small farmers buy, sell and mortgage land, purchase seed, fertilizer and equipment, gain access to markets and credit and remain competitive as markets become more open;

(e) Promote trade and investment in the agri-business sector, which will in turn increase technological innovation;

(f) Promote best farming and environmental practices; develop and adopt cost-effective, scientifically sound and environmentally sustainable food products and production techniques;

(g) Create channels through which innovations in good farming and environmental practices and sustainable food production can reach all;

(h) Develop an infrastructure that ensures the safe and efficient production, processing and transportation of food within and between countries.

G. Energy and transportation

37. A key question concerning energy and sustainability is whether the world's economies can use less energy and diversify and expand energy production while maintaining economic growth and prosperity. The recent "World Energy Assessment", a joint project by UNDP, the World Energy Council and the Department of Economic and Social Affairs (http://www.undp.org/seed/eap/activities/wea), indicates that targeted

strategies are needed to address the needs of the 2 billion people with inadequate access to modern energy services, most of whom live in rural areas of developing countries.

38. In this context, the World Energy Council, in its recent study entitled "Energy for Tomorrow's World — Acting Now" (http://www.worldenergy.org), defined three broad goals for energy sustainability: *accessibility, availability and acceptability*.

39. *Accessibility* to modern energy will mean that energy must be available at prices that are both affordable (low enough for the poorest people) and sustainable (prices that reflect the real costs of energy production, transmission and distribution to support the financial ability of companies to maintain and develop energy services).

40. *Availability* covers both quality and reliability of delivered energy. The continuity of energy supply, particularly electricity, will be essential in the twenty-first century, when unexpected power cuts may present a high cost to society that it cannot ignore. Energy availability requires a diversified energy portfolio consistent with particular national circumstances together with the means to harness potential new energy sources. It is generally agreed that various mixes of all currently available energy resources will be needed over the next 50 years and there is no case for the arbitrary exclusion of any source of energy.

41. *Acceptability* addresses environmental goals and public attitudes. Pollution is a cause of harm to billions of people, especially in developing countries. Global climate change has become an important concern. The energy sector is one area in which new and readily available technologies have already reduced emissions and hold out prospects for future improvement. Of course, environmentally friendly technologies have to be developed, diffused, maintained and expanded in all parts of the world. Hence, there is a need to foster adequate local capacity to ensure that the technologies can be used and maintained by local people.

Investment

42. Investment is the direct path towards tackling the global resource challenges for energy as accessibility and affordability will be dependent upon investment in new infrastructure, introduction of new technologies, and maintenance of deteriorating systems. In order to ensure additional and more effective private investment, it will be necessary to continue market reforms (liberalization, trade, privatization), opening energy services (within effective regulatory frameworks) to undistorted price signals, international trade and investment. Substantial and lasting benefits will result if national and regional markets are stabilized through basic public rules which respect specific local, national and regional circumstances and apply to all the players involved in them. These rules should be set and overseen by independent regulators with minimal political interference.

Price energy to cover costs and ensure payment

43. End-user prices are the most important determinant of the level of energy supply and quality of service. Unless such prices reflect all costs (variable, maintenance and infrastructure extension costs), they will distort individual behaviour to the point that the whole economy in which they occur may be unsustainable. The gradual removal of all hidden subsidies, which artificially depress fuel prices, and removal of cross-subsidies should be a priority together with the establishment of a consistent energy taxation system.

Promote greater energy efficiency

44. Energy efficiency programmes are an important component of strategies to reduce the consumption of existing natural resources, while also allowing the economy to grow. Industry and government can work together to implement energy efficiency programmes that save energy and money and improve air quality by increasing customer awareness of how to use energy wisely. Another major element of achieving improved energy efficiency depends on the development and diffusion of cost-effective technologies, which might require the introduction of minimum standards in energy equipment and service. Energy efficiency policies that use direct or indirect price mechanisms (e.g. removing subsidies, incorporating externalities) are the most effective in lowering energy consumption trends. However, even without changing the overall price environment, energy efficiency policies should be pursued to correct market failures.

H. Energy and transportation

45. The intricate relationship between energy and sustainability is most pronounced in the transportation sector. Transport occupies a vital socio-economic position by linking supply to demand. Market forces will continue to increase the demand for transport that is indispensable to trade, tourism, employment, economic development and the well-being of any economy. Efficient transport systems are a necessity for economic development and social welfare and also reduce the scope for an adverse impact on the environment.

I. Sustainable mobility partnerships

46. In order to address the challenge of sustainable transport, the World Business Council for Sustainable Development has initiated a worldwide partnership effort to define the leadership needed from business and industry to deliver mobility solutions that make economic and business sense, while ensuring a sustainable environment. The approach involves a global collection of international corporations with the mission of encouraging successful interaction (e.g. between Governments), unifying international, regional and national approaches and assisting parallel technology developments. The initiative is evaluating a wide range of relevant issues such as technological advances, emissions, fuel efficiency, climate change, urban planning, roads, public transportation, resource use and conservation, safety, public health, employment, knowledge management and government policies. The objectives of the Sustainable Mobility Project are to:

(a) Develop a vision of sustainable mobility that will ensure better and continued — ideally improved "access needs" for people, goods and services;

(b) Build worldwide support in achieving sustainable mobility in both developed and developing economies;

(c) Facilitate a timely technical development of transportation systems;

(d) Ensure a balanced input from all parties during the dialogue process with policy makers, the consumers and other relevant stakeholders in proposing options or solutions to mobility issues;

(e) Develop a framework for achieving the vision, that is, how to do things practically taking into account stakeholder objectives.

47. Transport users and transport providers are well aware of their fundamental economic role and their social responsibilities regarding safety, labour conditions, the environment, energy efficiency and, consequently, sustainable development. They are prepared to take the lead in finding sustainable solutions for future transport challenges. With respect to the environment, commercial transport users and transport providers recognize that there is a common goal, not a conflict, between the development of transport and environmental protection, both now and for future generations. The road, air, maritime and rail transport industries have a common interest in achieving the objectives of sustainable development, taking into account the characteristics and context in which different transport modes operate.